

Decision _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on the Commission's Own Motion to Conduct a Comprehensive Examination of Investor Owned Electric Utilities' Residential Rate Structures, the Transition to Time Varying and Dynamic Rates, and Other Statutory Obligations.	Rulemaking 12-06-013 (Filed June 21, 2012)
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**DECISION GRANTING COMPENSATION TO ENVIRONMENTAL DEFENSE FUND
FOR CONTRIBUTION TO DECISION 15-07-001**

Intervenor: Environmental Defense Fund (EDF)	For contribution to Decision (D.) 15-07-001
Claimed: \$285,132.50¹	Awarded: \$285,337.50
Assigned Commissioner: Michael Picker	Assigned ALJ: Julie M. Halligan

PART I: PROCEDURAL ISSUES

A. Brief description of Decision:	<p>D.15-07-001 marks the culmination of a three-year long examination of proposed rate reforms for the three major investor-owned utilities in California, a critical step in getting benefits from installed AMI, customer-sited new energy efficiency technologies and self-generation technologies, and utility-scale renewable generation resources. This change will allow for energy rates to more fairly reflect the cost of service. The CPUC expects that the time-of-use (TOU) rates approved by this decision will reduce overall electricity costs for all customers in the long-term.</p> <p>The decision balances the need for immediate rate reform for customers who have experienced high and volatile bills in the recent past with the essential principle that rates should be designed to encourage the efficient use of energy. D. 15-07-001 recognizes the need for customer acceptance and understanding of rate changes as well as the other rate design principles developed in this proceeding and directs Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company, to take the next steps in residential rate reform. The reform is intended to</p>
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¹ EDF originally requested 255,972.50 due to an accounting error.

	<p>make rates more understandable to customers and more cost-based, and to encourage residential customers to shift usage to times of day that support a cleaner more reliable grid.</p> <p>The decision determines that the first step in rate reform must be a narrowing of the existing usage tiers so that electricity prices are more understandable and less distorted due to historical restrictions. Because it is difficult to explain other components of electricity rates while the steeply inclining tier differentials are in place, D.15-07-001 finds that the imposition of new fixed charges or default TOU rates, should occur after the tiers have been consolidated and narrowed. At the same time, the decision seeks to ensure that those customers who consume a disproportionately high amount of energy are not rewarded by opting out of TOU rates by implementing a Super-User Electric Surcharge tier for customers who use substantially more than average and opt into the tiered rate option.</p>
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B. Intervenor must satisfy intervenor compensation requirements set forth in Pub. Util. Code §§ 1801-1812:

	Intervenor	CPUC Verified
Timely filing of notice of intent to claim compensation (NOI) (§ 1804(a)):		
1. Date of Prehearing Conference (PHC):	October 24, 2012	Verified
2. Other specified date for NOI:		
3. Date NOI filed:	November 23, 2012	November 26, 2012
4. Was the NOI timely filed?		Yes, see comment below.
Showing of customer or customer-related status (§ 1802(b)):		
5. Based on ALJ ruling issued in proceeding number:	R. 12-06-013	Verified
6. Date of ALJ ruling:	February 25, 2013	Verified
7. Based on another CPUC determination (specify):		
8. Has the Intervenor demonstrated customer or customer-related status?		Yes
Showing of “significant financial hardship” (§ 1802(g)):		
9. Based on ALJ ruling issued in proceeding number:	A. 14-11-003/A.14-11-004	R.12-06-013
10. Date of ALJ ruling:	April 1, 2015	February 25, 2013

11. Based on another CPUC determination (specify):		
12. Has the Intervenor demonstrated significant financial hardship?		Yes
Timely request for compensation (§ 1804(c)):		
13. Identify Final Decision:	D. 15-07-001	Verified
14. Date of issuance of Final Order or Decision:	July 13, 2015	Verified
15. File date of compensation request:	August 28, 2015	August 31, 2015
16. Was the request for compensation timely?		Yes

C. Additional Comments on Part I:

#	Intervenor's Comment(s)	CPUC Discussion
4		The 30 th day was November 22, 2012. This was a CPUC holiday, and therefore the NOI is timely.

PART II: SUBSTANTIAL CONTRIBUTION**A. Did the Intervenor substantially contribute to the final decision (see § 1802(i), § 1803(a), and D.98-04-059).**

Intervenor's Claimed Contribution(s)	Specific References to Intervenor's Claimed Contribution(s)	CPUC Discussion
<p>1. <i>Scope of Proceeding</i></p> <p>EDF actively participated from the inception of the proceeding in 2012 to affect the scope of review for residential rate design, including the use of time-variant pricing. EDF submitted a rate proposal to the CPUC on May 29, 2013.</p>	<p><u>2.2 The Rate Design Principles</u></p> <p><i>2.2.1. The Order Instituting Rulemaking (OIR)</i></p> <p>“On November 26, 2012, the assigned Commissioner issued the original Scoping Memo and Ruling. Over the next ten months, a variety of parties actively participated in the proceeding to examine residential rate structures. Those parties included:... Environmental Defense Fund (EDF).” page 15.</p> <p><i>2.2.3. Phase 1</i></p> <p>“Intervenor Testimony was served on September 15, 2014 by ORA, TURN, UCAN, Vote Solar, CforAT/Greenlining, Sierra Club, EDF, NRDC, TASC, CFC, SEIA and CALSEIA.” Page 22</p>	Yes.

Intervenor's Claimed Contribution(s)	Specific References to Intervenor's Claimed Contribution(s)	CPUC Discussion
<p>Benefits of TOU Rates</p> <p>EDF provided testimony on the benefits of TOU rates for residential ratepayers in California. EDF provided testimony, comments and evidence on the possible benefits on GHG emissions, long-term costs and ratepayer choice.</p>	<p><u>4.4. GHG Reduction</u></p> <p>“Reduction in GHG emissions has frequently been cited as a reason to employ TOU rates.”¹⁶¹ ... ¹⁶¹ See, e.g., Exh. SDG&E-117, SMUD SmartPricing Options Interim Evaluation at 1 of 195 (SMUD “has committed ... reduce the greenhouse gas emissions that contribute to global warming and lower the cost to serve our region.”); D.08-07-045 (stating that “[b]y linking retail rates to wholesale market conditions, dynamic pricing can discourage customers from consuming polluting power. Conversely, if other time periods are dominated by non-emitting and low-cost resources such as nuclear, water and wind, dynamic pricing could signal to customers that the supply of power is clean.”); Exh. EDF-102 at 13.” Pages 76-77</p> <p>“ORA and EDF both argue that TOU rates will likely lead to overall reductions in usage, not just a shift from peak, but these load reductions were not modeled rigorously. EDF’s assessment that TOU rates will lead to GHG reductions is based in part on an assumption that TOU rates will reduce total consumption.” Page 80</p>	<p>Yes, however the Decision notes that “a more rigorous method for forecasting load reduction is necessary before forecasts such as EDF’s can be used to demonstrate GHG reductions as a significant goal of TOU rates.”</p>
<p>Benefits of TOU Rates</p>	<p><u>4.5 Expected Long-Term Cost Savings from TOU Rate</u></p> <p>“Long-term cost savings have also been cited as a benefit of TOU rates.”¹⁶⁸ ORA argues that time-of-use rates will result in significant long-term cost savings due to deferral of system upgrades and the need for new generation.¹⁶⁹ ORA estimates that TOU rates (as proposed by ORA in May 29, 2013</p>	<p>Yes, however EDF’s TOU savings estimates were mostly theoretical and led the Commission to require the utilities to develop savings estimates.</p>

Intervenor's Claimed Contribution(s)	Specific References to Intervenor's Claimed Contribution(s)	CPUC Discussion
	<p>filing) would result in a 2,400 MW peak load reduction, “which is equivalent to the size of one nuclear power plant.”¹⁷⁰</p> <p>Likewise, EDF argues through their own analysis that there will be significant system cost savings on the order of \$500 million a year if only half of customers take service on TOU rates.¹⁷¹</p> <p>¹⁷¹ Exh. EDF-101 at 8.” Page 82.</p> <p>“The amount of potential long-term cost-savings from TOU rates, as estimated by EDF and ORA, is significant. No other parties in this phase attempted to quantify cost-savings from TOU-induced load shifts.” Page 82</p> <p>“TURN argues that the estimates of ORA and EDF are “deeply flawed.”¹⁷³ TURN contends that for the ORA and EDF predicted cost-savings to occur, there would need to be significant customer response in the form of predictable load reductions that mirror both system and circuit-level peaks” resulting in the reduction of the need to build incremental new generating capacity. As a specific example, TURN points out that EDF’s analysis assumes that all distribution circuit-peaks take place during the summer peak and does not account for the fact that some distribution circuits are winter peaking. EDF also did not break its cost savings estimate out by avoided generation, distribution, and transmission costs. During evidentiary hearings, EDF witness Fine acknowledged that the estimate of reduced generation needs on which EDF relied was a “very back of the envelope calculation.”¹⁷⁴ In addition to arguing that the ORA and EDF estimates are flawed, TURN contends that any cost-savings estimates should include the estimated cost of TOU implementation, and costs that might result from unpredicted customer load shifts.¹⁷⁵</p>	

Intervenor's Claimed Contribution(s)	Specific References to Intervenor's Claimed Contribution(s)	CPUC Discussion
	<p>¹⁷⁵RT Vol 24 at 3747, EDF/Fine.” Pages 82-83</p> <p>“The cost savings expected from avoided investment in distributed, generation and transmission is one of the most frequent arguments made in favor of default TOU. Quantifying these savings, however, remains theoretical. Therefore, we direct the IOUs to develop methodology for estimating these savings resulting from TOU. However, we do not rely on these specific figures of either EDF or ORA when directing IOUs to implement default TOU. We expect that quantification of these savings may overlap with savings attributed to other Commission programs for demand side management, such as EE.” Pages 83-84</p>	
Benefits of TOU Rates	<p><u>4.6. Implementation of Residential Time of Use Rates in other Jurisdictions</u></p> <p><i>4.6.1 Overview:</i></p> <p>“Parties supporting TOU rates include: SDG&E, UCAN, SEIA, Sierra Club, NRDC, EDF, and ORA. Although these parties differ on when and how default TOU should be rolled out to residential customers, they all agree that the benefits of TOU weigh in favor of default or wide-scale TOU being made available in the coming years.” Page 85</p> <p><i>4.6.2. Other Residential Time of Use Programs:</i></p> <p>“Opt-in TOU rates for residential customers have a long history in California and have been offered by the three major utilities since the mid-80s. PG&E’s first standard residential TOU tariff, E-7, was made available as an optional rate starting in 1986, for those who agreed to install and pay a monthly charge for an interval meter. As noted in the testimony of several parties (PG&E, SCE, SG&E, EDF, ORA, SEIA, UCAN, TURN), both opt-in and default residential TOU rates have</p>	Yes.

Intervenor's Claimed Contribution(s)	Specific References to Intervenor's Claimed Contribution(s)	CPUC Discussion
	<p>been piloted around the world and examining the results of these programs can provide important insights on best practices.” Page 88</p> <p>“Many parties¹⁹¹ have discussed SMUD's SmartPricing Options (SPO) pilot as a landmark study due to its scientific rigor and use of experimental design.</p> <p>¹⁹¹PG&E, SCE, SDG&E, EDF, ORA, SEIA, UCAN, and TURN.” Page 89</p> <p>4.6.3. Comparison of Default TOU vs. Opt-In TOU</p> <p>EDF cited in the ORA chart summarizing load impacts. Page 94</p>	
Residential Time of Use Rates	<p><u>6.3. Customer Protections Included in TOU Rate Structure</u></p> <p><i>6.3.1. Optional, not Mandatory, TOU Rate</i></p> <p>“Consistent with our statutory obligations pursuant to AB 327, it is important to remember that any default TOU rate derived from this decision will be optional and it is essential that the IOUs provide a menu of well-designed optional tariffs, including a tiered rate, for residential customers to opt into. Most parties in this proceeding have advocated this “menu” of options, to promote customer choice,²⁸³ and we agree that a menu of choices for customers is part of the goal of this proceeding and AB 327. This decision does not endorse mandatory TOU for residential customers.</p> <p>²⁸³See, e.g., RT Vol. 23 at 3666 (EDF witness Fine testifying that “a variety of tariff options and programs should be available to meet the variety of needs of customers.”); see also SEIA OB at 27 (SEIA recommending menu of TOU options); ORA OB at 28 (“customer choice is at the heart of Rate Design Principle #6.”) Page 134</p>	Yes.

Intervenor's Claimed Contribution(s)	Specific References to Intervenor's Claimed Contribution(s)	CPUC Discussion
Residential Time of Use Rates	<p><u>6.4. Concerns About the Changing Load Curve</u></p> <p>“Many parties in this proceeding have made the assumption that a default TOU program would take the form of a rate with a single on/off/part peak structure applicable to all customers who do not specifically opt out. This single on/off/part peak structure would be set in a GRC and, because of AB 327, would hold constant for five years. In essence, customers on the default rate would move en masse with on/off peak periods designed to cover the exact time periods that were identified 5 years ago.</p> <p>This assumption misses the entire point of default TOU.³⁰³ TOU should be a flexible customer-empowering tool to make the load curve more manageable. As EDF describes it, using TOU to “increase customers’ ability to be an active part of the grid will be critical to ensuring that California achieves its emission reductions, renewables and other landmark clean energy policies.”³⁰⁴</p> <p>³⁰³As EDF put it, “one place where this conversation has been stilted is a failure to think about the rate diversity of customers.” RT PGE RB at 72. Vol 23 at 666, EDF/Fine.</p> <p>³⁰⁴Exh. EDF-102 at 21.” Pages 143-144</p> <p>“EDF envisions a menu of TOU rate options, including options to provide needed ramping resources to “manage intermittent renewables and the sunset.”³⁰⁶ EDF does not suggest a mechanism for these periodic adjustments to TOU periods and rates, but does suggest that using the current three-year GRC Phase 2 schedule would not be sufficient.³⁰⁷ EDF cites the NEST thermostat as an example of emerging technologies that can “push new programming from a central desk without requiring the customer to be aware of peak price changes.”³⁰⁸ This suggests that with adequate</p>	Yes.

Intervenor's Claimed Contribution(s)	Specific References to Intervenor's Claimed Contribution(s)	CPUC Discussion
	<p>education and enablement tools customers could respond to changes in TOU periods without needing to carefully track TOU period changes. Although this does not seem practical for the average residential customer in the immediate future, it does point to a promising future for a menu of TOU rates that can make meaningful needed impacts on the load curve.”</p> <p>³⁰⁶ RT Vol. 23 at 3697, EDF/Fine</p> <p>³⁰⁷ RT Vol. 23 at 3698, EDF/Fine.</p> <p>³⁰⁸ RT Vol. 23 at 3699, EDF/Fine.</p> <p>Page 145</p> <p>“EDF points out that if TOU periods are not adjusted over time, rates will not accurately reflect cost.³¹⁰ This argument also applies to allowing multiple TOU rates to co-exist at the same time. However, although there is tension between creating a strictly cost-based rate and allowing for changing TOU periods, a balance can be achieved between cost-causation and the goal of increasing reliability by having residential rates that reduce the peaks (or valleys) in the load curve.” Page 146</p> <p>³¹⁰ Exh. EDF 102 at 21.</p>	

B. Duplication of Effort (§ 1801.3(f) and § 1802.5):

	Intervenor's Assertion	CPUC Discussion
a. Was the Office of Ratepayer Advocates (ORA) a party to the proceeding?²	Yes	Verified
b. Were there other parties to the proceeding with positions similar to yours?	Yes	Verified
c. If so, provide name of other parties: ORA, utilities with respect to TOU rates and NRDC and Sierra Club		Verified

² The Division of Ratepayer Advocates was renamed the Office of Ratepayer Advocates effective September 26, 2013, pursuant to Senate Bill No. 96 (Budget Act of 2013: public resources), which was approved by the Governor on September 26, 2013.

<p>d. Intervenor's claim of non-duplication: EDF's advocacy was not duplicative of other parties' efforts. EDF produced stand-alone documents and presentation materials during the proceeding that outlined the importance of time-variant rates and GHG benefits. EDF demonstrated a method for estimating capacity, energy and distribution-level costs with well-designed TOU rates based on utility-reported marginal cost data used in General Rate Case proceedings. EDF's efforts in this realm were pivotal to how TOU rates were characterized in the resulting Commission outcome, including the plan to default customers to TOU rates after pilots, while offering a menu of optional rates to meeting the increasingly diverse needs (and capabilities) of customers. EDF also provided research estimating the financial implications for rooftop PV investments of proposed rate reforms, particularly how the switch from tiered to TOU rates, yet still with Net Energy Metering, impact the expected return on investment for rooftop PV. EDF worked closely, particularly with other environmental groups, throughout the discovery, testimony, hearing and briefing process to coordinate positions and tasks to strive for resolution and minimize duplicative efforts. Internally, staff was tasked with distinct responsibilities throughout the proceeding.</p>	Verified
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PART III: REASONABLENESS OF REQUESTED COMPENSATION

A. General Claim of Reasonableness (§ 1801 and § 1806):

<p>a. Intervenor's claim of cost reasonableness:</p> <p>EDF's costs were reasonable during Phase 1 of the proceeding which proceeded for over three years. The CPUC initiated the proceeding in 2012 and required the parties to submit and resubmit its positions over that three year period. The office carefully considered its advocacy during Phase 1 and attempted to use cost-effective methods over the three years time. In addition, EDF is not claiming its attorney costs for years 2012-2013, since that individual has since left the organization.</p>	<p>CPUC Discussion</p> <p>Verified</p>
<p>b. Reasonableness of hours claimed: EDF worked diligently throughout the process to only spend a reasonable and prudent amount of time.</p>	Verified
<p>c. Allocation of hours by issue:</p> <p>All of EDF's work involved the implementation and benefits of time-variant pricing in California.</p>	Verified

B. Specific Claim:

CLAIMED						CPUC AWARD		
ATTORNEY, EXPERT, AND ADVOCATE FEES								
Item	Year	Hours	Rate \$	Basis for Rate*	Total \$	Hours	Rate \$	Total \$
Steven Moss	2012	148	\$205	D. 14-12-069	\$30,340	148.00	\$205	\$30,340.00
Steven Moss	2013	294	\$210	Res. ALJ-287	\$61,740	294.00	\$210	\$61,740.00

PROPOSED DECISION (Rev. 1)

CLAIMED						CPUC AWARD		
ATTORNEY, EXPERT, AND ADVOCATE FEES								
Item	Year	Hours	Rate \$	Basis for Rate*	Total \$	Hours	Rate \$	Total \$
Steven Moss	2014	56	\$215	Res. ALJ-303	\$12,040	56.00	\$215	\$12,040.00
James Fine	2012	73.5	\$350	Res. ALJ-281	\$25,725	73.50	\$350	\$25,725.00
James Fine	2013	125.5	\$355	Res. ALJ-287	\$44,552.50	125.50	\$355	\$44,552.50
James Fine	2014	81	\$360	Res. ALJ-303	\$29,160	81	\$365	\$29,565.00
James Fine	2015	26	\$365	Res. ALJ-308	\$9,490	26	\$365	\$9,490.00
Jennifer Weberski	2014	145	\$385	Res. ALJ-303	\$55,825	145	\$385	\$55,825.00
Jennifer Weberski	2015	40	\$390	Res. ALJ-308	\$15,600	40	\$385	\$15,400.00
Subtotal: \$284,472.50						Subtotal: \$284,677.50		
INTERVENOR COMPENSATION CLAIM PREPARATION **								
Item	Year	Hours	Rate \$	Basis for Rate*	Total \$	Hours	Rate	Total \$
Steven Moss	2015	6	\$110	Res. ALJ-308	\$660.00	6	\$110	\$660.00
Subtotal: \$660.00						Subtotal: \$660.00		
TOTAL REQUEST: \$285,132.50						TOTAL AWARD: \$285,337.50		
<p>*We remind all intervenors that Commission staff may audit their records related to the award and that intervenors must make and retain adequate accounting and other documentation to support all claims for intervenor compensation. Intervenor's records should identify specific issues for which it seeks compensation, the actual time spent by each employee or consultant, the applicable hourly rates, fees paid to consultants and any other costs for which compensation was claimed. The records pertaining to an award of compensation shall be retained for at least three years from the date of the final decision making the award.</p> <p>**Travel and Reasonable Claim preparation time typically compensated at ½ of preparer's normal hourly rate</p>								

C. Attachments Documenting Specific Claim and Comments on Part III:

Attachment or Comment #	Description/Comment
1	Certificate of Service
2	Resume of Steven Moss
3	Resume of James Fine
4	Resume of Jennifer Weberski
5	Excel timesheets of Moss, Fine and Weberski

D. CPUC Disallowances and Adjustments:

Item	Reason
A	<p>EDF claims a rate of \$350 per hour for work done by Fine in 2012. Documentation provided by EDF shows that Fine has extensive experience working on utility rates and energy policy. Fine has experience practicing before the Commission analyzing critical peak pricing responses. The Commission therefore finds reasonable a rate of \$350 per hour for work done by Fine in 2012.</p> <p>EDF claims a rate of \$385 per hour for work done by Weberski in 2014. Documentation provided by EDF shows that Weberski has extensive experience working on utility rates and energy policy. Weberski has experience working in other utility rate proceedings. The Commission therefore finds reasonable a rate of \$385 per hour for work done by Weberski in 2014. EDF's claimed rate of \$390 for Weberski in 2015 is rejected, as no cost of living adjustment was applied in 2015.</p>

PART IV: OPPOSITIONS AND COMMENTS

A. Opposition: Did any party oppose the Claim?	No
B. Comment Period: Was the 30-day comment period waived (<i>see</i> Rule 14.6(c)(6))?	Yes

FINDINGS OF FACT

1. Environmental Defense Fund has made a substantial contribution to D.15-07-001.
2. The requested hourly rates for Environmental Defense Fund's representatives, as adjusted herein, are comparable to market rates paid to experts and advocates having comparable training and experience and offering similar services.
3. The claimed costs and expenses, as adjusted herein, are reasonable and commensurate with the work performed.
4. The total of reasonable compensation is \$285,337.50.

CONCLUSION OF LAW

1. The Claim, with any adjustment set forth above, satisfies all requirements of Pub. Util. Code §§ 1801-1812.

ORDER

1. Environmental Defense Fund shall be awarded \$285,337.50.
2. Within 30 days of the effective date of this decision, Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company shall pay Environmental Defense Fund their respective shares of the award, based on their California-jurisdictional electric and gas revenues for the 2013 calendar year, to reflect the year in which the proceeding was primarily litigated. Payment of the award shall include compound interest at the rate earned on prime, three-month non-financial commercial paper as reported in Federal Reserve Statistical Release H.15, beginning November 14, 2015, the 75th day after the filing of Environmental Defense Fund's request, and continuing until full payment is made.
3. The comment period for today's decision is waived.
4. This decision is effective today.

Dated _____, at San Francisco, California

APPENDIX**Compensation Decision Summary Information**

Compensation Decision:		Modifies Decision?	No
Contribution Decision(s):	D1507001		
Proceeding(s):	R1206013		
Author:	ALJ Halligan		
Payer(s):	Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company		

Intervenor Information

Intervenor	Claim Date	Amount Requested	Amount Awarded	Multiplier?	Reason Change/Disallowance
Environmental Defense Fund	August 28, 2015	\$285,132.50	\$285,337.50	N/A	N/A

Advocate Information

First Name	Last Name	Type	Intervenor	Hourly Fee Requested	Year Hourly Fee Requested	Hourly Fee Adopted
Steven	Moss	Expert	Environmental Defense Fund	\$205	2012	\$205
Steven	Moss	Expert	Environmental Defense Fund	\$210	2013	\$210
Steven	Moss	Expert	Environmental Defense Fund	\$215	2014	\$215
Steven	Moss	Expert	Environmental Defense Fund	\$220	2014	\$220
James	Fine	Expert	Environmental Defense Fund	\$350	2012	\$350
James	Fine	Expert	Environmental Defense Fund	\$355	2013	\$355
James	Fine	Expert	Environmental Defense Fund	\$360	2014	\$365
James	Fine	Expert	Environmental Defense Fund	\$365	2015	\$365
Jennifer	Weberski	Expert	Environmental Defense Fund	\$385	2014	\$385
Jennifer	Weberski	Expert	Environmental Defense Fund	\$385	2015	\$385

(END OF APPENDIX)